

PP14767/09/2012(030761)

Monday, September 21, 2015

At a Glance

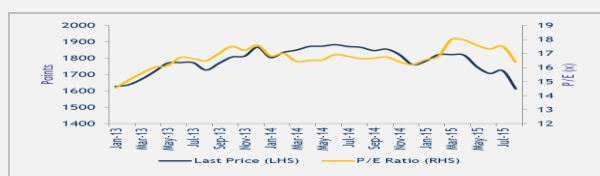
FBMKLCI declined 12.09 points to finish at 1,669.45 due to profit taking activities.....(See full report next page)

Corporate Highlights

- **CIMB, BUY (TP: RM6.10):** Wins six The Asset awards
- **WCT, HOLD (TP: RM1.28):** Bags RM127.4m Kwasa Damansara job
- **IJM Corp, HOLD (TP: RM3.74):** Clinches RM455.5m Equatorial Plaza job

Economic Update

- **China:** Extremely concerned' by proposed US challenge to claims
- **India:** Increases duty on cooking oils to stem cheap palm imports
- **France:** Vows to push on with reforms after Moody's downgrade

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,669.45	-12.09	-0.72
FBMEMAS	11,477.27	-51.50	-0.45
FBMEMAS SHA	12,049.27	-59.93	-0.49
FBM100	11,198.86	-57.69	-0.51
Volume (mn)	2,031.21	-211.16	-9.42
Value (RMmn)	2,627.31	-510.86	-16.28
FBMKLCI YTD Chg			-5.21

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	16.1	-20.3
Local Institution	49.3	-126.6
Foreign Investors	34.6	146.9

Top Gainers

	Close	Change+/-	(+/- %)
SARAWAK OIL PAL	4.50	0.58	14.80
LPI CAPITAL BHD	13.50	0.38	2.90
DKSH HOLDINGS	3.99	0.29	7.84

Top Losers

	Close	Change+/-	(+/- %)
BATU KAWAN	16.44	-0.86	-4.97
SIME DARBY	7.37	-0.71	-8.79
UNITED PLANT	26.22	-0.58	-2.16

World Indices

	Close	Change+/-	(+/- %)
DJIA	16,384.58	-290.16	-1.74
NASDAQ	4,827.23	-66.72	-1.36
S&P 500	1,958.03	-32.17	-1.62
FTSE 100	6,104.11	-82.88	-1.34
DAX	9,916.16	-313.42	-3.06
Nikkei 225	18,070.21	-362.06	-1.96
HSI	21,920.83	66.20	0.30
KOSPI	1,995.95	19.46	0.98
STI	2,879.59	-16.22	-0.56
KLCI Futures	1,636.00	(6.50)	(0.00)
USDMYR 3M	14.90	-	-
USDMYR 6M	14.52	(0.03)	(0.00)
USDMYR 12M	14.27	(0.03)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	45	0.1	0.2%
Brent (USD/bbl)	47.6	0.1	0.2%
Gold(USD/ounce)	1,138	-1.6	-0.1%
Coal (USD/mt)	57.8	-0.1	-0.1%
CPO (RM/mt)	2,103	-25.0	-1.2%
Rubber	133	-0.9	-0.7%
RM/USD	4.20	-0.0572	1.36%
EUR/USD	0.89	0.0009	0.10%
YEN/USD	120.03	0.05	-0.04%

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 290.16 points to 16,384.58 points; S&P 500 down 32.17 points to 1,958.03. Nasdaq decline by 66.72 points to 4,827.23. Wall Street stocks closed lower on Friday in heavy trading as the Federal Reserve's decision to keep interest rates near zero fueled concerns about the potential impact of continuing weak global growth on U.S. corporate earnings.
- Apart from the state of the world economy, the Fed cited financial market volatility and sluggish inflation at home in its decision on Thursday, while leaving the door open for a modest policy tightening later this year.

The Local Market

- FBMKLCI declined 12.09 points to finish at 1,669.45 due to profit taking activities. There were 482 gainers and 384 decliners in total value traded of RM2.62 billion.
- Among the losers on Bursa Malaysia were Batu Kawan fell 86 cent to RM16.44, Sime Darby dropped 71 cent to RM7.37, United Plantation slid 58 cent to RM26.22 and BAT shed 50 cent to RM62.30.

Strategy

- Our 2015 year-end target is **1,660** based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

CIMB, BUY (TP: RM6.10): Wins six The Asset awards

CIMB Group once again demonstrated its leading position in Asean in the derivatives and structured products space by winning six awards at The Asset Triple A Private Banking, Wealth Management and Investment Awards 2015 in Hong Kong. The awards were for Derivatives House of the Year (Malaysia), Best Structured Product House (Malaysia), Best Structured Product House (Indonesia), Best Structured Product House (Thailand), Best Credit Derivatives House (Malaysia), Best Structured Investment Product – Commodities (Gold Convertible and Reverse Gold Convertible Structured Products). CIMB Group chief executive Tengku Datuk Zafrul Aziz said he was pleased that CIMB had once again shown outstanding market leadership and cutting-edge expertise in the region through the spirit of innovation and the ability to adapt to market challenges with agility, while at the same time meeting regulatory requirements. *(Source: The Star)*

WCT, HOLD (TP: RM1.28): Bags RM127.4m Kwasa Damansara job

WCT Holdings Bhd has won a construction contract for infrastructure jobs at Kwasa Damansara valued at RM127.39 million. In a filing with Bursa Malaysia today, the construction outfit said its wholly-owned subsidiary, WCT Bhd, had today accepted a letter of award from Kwasa Land Sdn Bhd for the above-mentioned jobs. WCT is required to construct and complete the common infrastructure work at Kwasa Damansara Township Development in Sungai Buloh, it added. Under the contract, the job scope consists of site clearance and site preparation, including earthwork, roadwork, road furniture, drainage works, sewerage reticulation and sewerage treatment plant (STP-NSC), water reticulation, park and ride facility, electrical infrastructure works, and soft and hard landscape works (NSC). *(Source: The Edge)*

IJM Corp, HOLD (TP: RM3.74): Clinches RM455.5m Equatorial Plaza job

IJM Corporation Bhd's wholly-owned unit IJM Construction Sdn Bhd has accepted the Letter of Award issued by GDP Architects Sdn Bhd on behalf of Hotel Equatorial (M) Sdn Bhd and Fenghuang Development Sdn Bhd, for a mixed commercial development worth RM455.5 million. In its filing to Bursa Malaysia today, IJM said the job was for the proposed construction of one block of 52 storeys mixed commercial development known as "Equatorial Plaza", to be located on Lot 1217, Seksyen 57, Jalan Sultan Ismail, Kuala Lumpur. The job entails the construction works of the podium block, office tower and hotel tower, as well as the interior design works for the hotel tower and hotel outlet. The construction period for the project is 36 months. *(Source: The Edge)*

SKP Resources (CP: RM1.33): Good times ahead for SKP

Bright days are ahead for SKP Resources Bhd, as the company is set to see an earnings expansion with RM5bil worth of contracts being clinched from Dyson Ltd to produce its popular cordless vacuum cleaner. Amid the challenging climate, SKP grabbed the first RM2bil contract in May, valued at RM400mil annually and subsequently secured another RM3bil job valued at RM600mil per annum. The tenure for both contracts is five years. SKP has been working with Dyson for the past 13 years, of which the first six years it was involved in complete assembly works for the British-based company's upright vacuum cleaners, hand dryers and bladeless fans. *(Source: The Star)*

AZRB (CP: RM0.64): Unit bags RM386.65m mixed-development contract

Ahmad Zaki Resources Bhd (AZRB) has bagged a mixed-development project worth RM386.65 million. AZRB said its unit Ahmad Zaki Sdn Bhd had received a letter of acceptance of tender from Uda Legasi Sdn Bhd for the development in Kampung Baru here. It said the development comprised a 47-storey apartment building with 639 units of apartments, a 29-storey commercial office building, and one level of basement parking. The job is for 40 months from the date of site possession, and AZRB expects it to contribute positively to its earnings from the financial year ending Dec 31, 2015 onwards. *(Source: The Edge)*

EcoWorld (CP: RM1.60): Nears RM3bil sales target

Despite the soft demand in the local property market, Eco World Development Group Bhd (EcoWorld) is confident it will meet its sales target of RM3bil for its current financial year ending Oct 31, 2015, driven by its brand profile and

township development. EcoWorld said its immediate plan included the launch of Eco Meadows in Seberang Prai and Bukit Bintang City Centre (BBCC) in Kuala Lumpur, which would set up a solid foundation for its growth. *(Source: The Star)*

Eco World (CP: RM1.60): Makes big impact Down Under

FRESH off the Eco World brand making a splash in both the local and London property scenes, Eco World International (EWI) has gone into the Australian market in a big way, with its maiden foray there garnering a 90% reserve rate even before its official launch. West Village in Parramatta comprises a 40-storey tower and a seven-storey podium block, and offers 397 luxury one-, two- and three-bedroom apartments with a vibrant retail precinct on the ground floor and an exclusive residents' rooftop terrace overlooking the Blue Mountains and Sydney Central Business District (CBD). It comes with serene landscaped gardens designed by award-winning celebrity landscape designer Myles Baldwin, offers an impressive rooftop Chef's Kitchen and residents' lounge for private functions and parties, and an indoor driving range golf simulator that allows golf lovers to play the top-20 golf courses in the world, among others. *(Source: The Star)*

AirAsia, (CP: RM1.31): Proposes share buy-back plan

AirAsia Bhd is proposing to purchase up to 10% of its issued and paid-up share capital, and will be seeking the approval of its shareholders at an extraordinary general meeting (EGM) to be convened. According to its filing with Bursa Malaysia today, AirAsia said that a similar mandate was approved by its shareholders on June 4 last year, and the approval has since expired on June 3, 2015. However, the company did not make any purchase of its own ordinary share(s) of 10 sen each. The proposed share buy-back would be effective immediately upon the passing of the ordinary resolution at the EGM, and shall be valid until the conclusion of the next annual general meeting (AGM) of the company, or the expiration of the period within which the next AGM of the company is required by law to be held, whichever is earlier. *(Source: The Edge)*

Taliworks (CP: RM3.66): Confirms eyeing Kajang Silk Highway

Taliworks Corp Bhd has confirmed that it is eyeing Silk Holdings Bhd's wholly-owned subsidiary Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd (SILK), but stressed it is still in the exploratory stage. SILK, the concession holder for the 37km Kajang Traffic Dispersal Ring Road (Kajang SILK Highway), had a 33-year concession to operate and maintain the highway. The concession period would end on July 31, 2037. Speaking to reporters after the company's EGM last Friday, its executive director Lim Yew Boon verified a recent report that claimed both companies were in exploratory talks on the proposed highway concession transaction. Previously, Silk Holdings and IJM Corp Bhd unit, Road Builder (M) Holdings Bhd, had aborted the sale and purchase agreement of the 100% stake in SILK for RM395 million. *(Source: The Sun)*

Lafarge (CP: RM9.29): To buy Holcim Malaysia business for RM330m

Lafarge Malaysia Bhd (LMB) is buying the entire stake in Holcim (Malaysia) Sdn Bhd (HMSB) from PT Holcim Indonesia Tbk for RM330 million following the recent merger of their respective ultimate holding companies. In July 2015, Lafarge SA and Holcim Ltd officially launched their new combined building materials company, now known as LafargeHolcim Ltd. As a result, the proposed

acquisition is proposed to facilitate the consolidation of the businesses of manufacturing and sale of cement, ready-mixed concrete and other related building materials of LafargeHolcim in Malaysia under LMB. LMB said the proposed acquisition will increase the group's cement plants annual installed production capacity by 9.2% to 14.14 million tonnes from 12.95 million tonnes. (Source: The Sun)

Yinson (CP: RM2.83): Unit to issue US\$100mil guaranteed senior perpetual capital securities

Yinson Holdings Bhd's unit Yinson TMC Sdn Bhd has launched its inaugural capital markets transaction via a proposed issuance of US\$100mil Regulation S perpetual hybrid capital securities. The perpetual securities, which are unrated, were priced at a yield of 7% on a private placement basis, Yinson said in a statement on Friday. The perpetual securities are extremely unique as it will be Malaysia's first foreign currency denominated hybrid instrument," the integrated offshore production and support services provider said. Yinson said the perpetual securities had no fixed maturity date but are callable on the fifth anniversary of its issuance, and might also be redeemed upon the occurrence of certain events prescribed under its terms and conditions. The proceeds arising from the perpetual securities would be used for the repayment of existing borrowings, capital expenditure, capital investments and other general corporate purposes. (Source: The Star)

Pavilion REIT (CP: RM1.55): To buy USJ mall for RM488mil

Pavilion Real Estate Investment Trust's manager Pavilion REIT Management Sdn Bhd will acquire the da:mén USJ shopping mall from Equine Park Country Resort Sdn Bhd and Revenue Concept Sdn Bhd. The acquisition will cost RM488mil for a five-storey shopping mall with a lower ground floor of about 420,920 sq ft of net lettable area. It will also include a two-level basement car park with 1,672 parking bays, the manager said in a press release yesterday. Both plots are situated on a piece of freehold land that measures 3.499 ha. It is located north-east of Kuala Lumpur City Centre and operations are expected to commence in Nov 2015. (Source: The Star)

Bank Negara: Caps Abu Dhabi investor Aabar's rights

Bank Negara has reiterated an order capping Aabar Investments PJS' voting rights in RHB Capital Bhd (RHBCap), as well as putting a limit on the number of new shares the Abu Dhabi investor can subscribe to in the bank. The order, issued in pursuant of the Financial Services Act 2013, was revealed in a filing by RHBCap to Bursa Malaysia yesterday. As it stands, Aabar has a 21.09% stake in RHBCap. Bank Negara, in its letter to the company dated Sept 14, has prohibited Aabar from exercising its voting rights in RHBCap to anything above 15%. RHBCap is also prohibited from issuing more than 15% of new shares to Aabar. The central bank's order came as RHBCap seeks to raise RM2.5bil from its shareholders via a rights issue. (Source: The Star)

ECONOMIC UPDATES

China: Extremely concerned' by proposed US challenge to claims

China said on Friday it was "extremely concerned" about a suggestion from a top US commander that US ships and aircraft should challenge China's claims in the South China Sea by patrolling close to artificial islands it has built. China's increasingly assertive action to back up its sovereignty claims in the South China Sea have included land reclamation and the construction of ports and air facilities on several reefs in the Spratly Islands. The work has rattled China's neighbours, in particular US ally the Philippines, and raised concern in the United States. China says it has irrefutable sovereignty over the Spratly Islands and no hostile intent. (Source: *The Edge*)

India: Increases duty on cooking oils to stem cheap palm imports

India increased taxes on overseas purchases of palm and soybean oils as a slump in global prices triggered record imports, hurting domestic oilseed growers and refiners. Palm oil futures in Kuala Lumpur declined. The duty on crude palm and soybean oils was raised to 12.5% from 7.5%, while the tariff on refined oils was increased to 20% from 15%, the Central Board of Excise and Customs said in a notification on its website. While higher taxes may fuel costs for Indian consumers, they may hamper efforts by top palm oil producers Indonesia and Malaysia to drain near record inventories and shore up prices. Palm oil, used in everything from chocolates to cosmetics, is in a bear market and soybean oil is trading near a nine-year low as China's economic slowdown and a rout in crude prices hurts demand and worsens a global glut of cooking oils. (Source: *The Edge*)

France: Vows to push on with reforms after Moody's downgrade

France's finance minister reaffirmed the country's commitment to economic reforms on Friday after ratings agency Moody's cut French bond ratings by a notch to Aa2, citing continued weakness in the country's medium-term growth outlook. The French government on Wednesday stuck to "cautious" growth and deficit targets two weeks before the release of its 2016 budget, saying it was right to ask EU partners for a delay in bringing down borrowing last year as an economic recovery was taking hold. However, Moody's said it decided to downgrade France's government bond rating because it expects French economic growth to remain low over the medium term, likely weighing on "any material reversal" in France's debt burden. (Source: *The Edge*)

U.S.: Fed officials make case for interest rate hike

Three Federal Reserve policy makers argued on Saturday for lifting the central bank's key interest rate before year-end, countering bets by many traders that the Fed will wait until 2016. Laying out their rationale for a rate increase at one of the Fed's two remaining meetings of 2015, the central bankers cited continued improvement in the domestic economy, including low unemployment, which they suggested overshadowed concerns about global conditions and volatile financial markets. San Francisco Federal Reserve Bank president John Williams, St. Louis Fed president James Bullard and Richmond Fed president Jeffrey Lacker each spoke or wrote on Saturday, days after the

policy-setting Federal Open Market Committee voted on Thursday to leave rates unchanged. *(Source: The Star)*

U.S.: Fed turns attention again to US inflation outlook as key risk

After months of noting that inflation was very low, but voicing confidence it would eventually trend towards Federal Reserve's target, Chair Janet Yellen appears to be acknowledging that the central bank does have an inflation problem. The Fed's apparent renewed focus on prices after months of close scrutiny of the labor market could indicate that it may end up keeping rates on hold for longer than its policymakers' forecast now indicate. Even as Yellen repeated her mantra that the first rate raises in nearly a decade was still on the cards for this year she cited a drop in market-based inflation expectations over the past month as source of concern. *(Source: The Edge)*

M&A Securities

STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between -10% and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website: www.mnaonline.com.my

Head Of Research



Rosnani Rasul
M&A Securities